GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2171
ANSWERED ON:29.07.2016
Agricultural Loan Guarantor
Misra Shri Pinaki

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any proposal to involve a guarantor for the bank loan taken by the farmers for agricultural purposes in order to ensure that the farmers do not commit suicide in case of crop failure; and

(b) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance

(a) and (b): No, Madam. However, each bank has its own loan policy, approved by its Board, based on the guidelines issued by Reserve Bank of India (RBI).
Further, in order to reduce the debt burden of farmers, increase the availability of hassle-free institutional credit for agricultural operations and mitigate the hardships faced by farmers, the following major steps have been taken by the Government :
â€¢ RBI has issued directions for Relief Measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss in line with the National Disaster Management Framework.

â€¢ "Pradhan Mantri Fasal Bima Yojana" was launched on 1 April, 2016 to benefit the farmers. Under the scheme, uniform premium of 2 per cent of the sum insured is to be charged for all Kharif crops & 1.5 per cent for Rabi crops. The annual premium for horticultural crops will be 5 per cent of the sum insured.

â€¢ With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.

â€¢ Loan to distressed farmers indebted to non-institutional lenders is an eligible category of farm credit under the Priority Sector Lending (PSL) directions issued by RBI. This is intended to provide hassle-free institutional credit to farmers for repaying their debt to moneylenders.

â€¢ Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-. Banks have also been advised by RBI to dispense with obtaining 'No Due Certificate' from the individual borrowers (including SHGs & JLGs) in rural and semi-urban areas for all types of loans including loans under Government Sponsored Schemes, irrespective of the amount involved, unless the Government Sponsored Scheme itself provides for obtention of 'No Dues Certificate'.